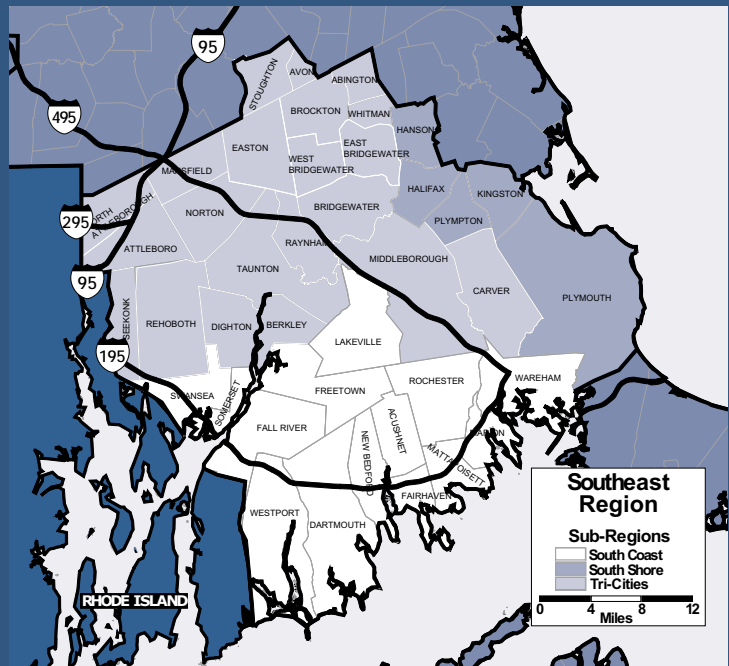
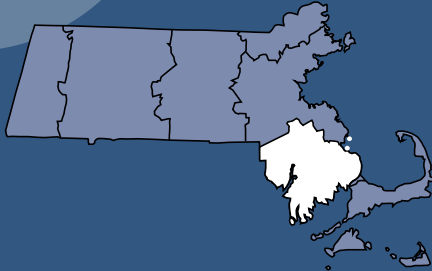


southeast region



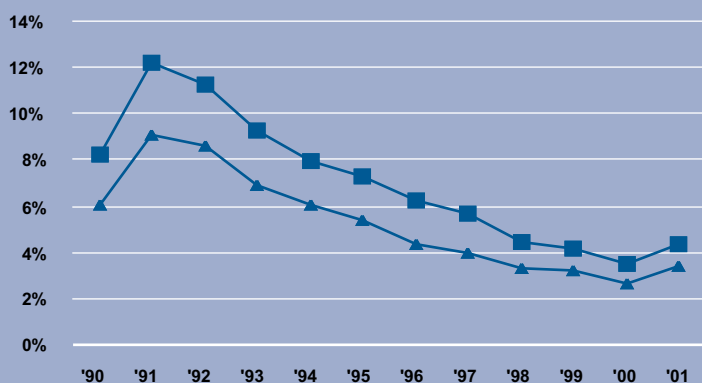
On the map, Southeastern Massachusetts looks like a compact diamond, with Brockton to the north, Fall River and New Bedford to the south, Plymouth to the east, and Attleboro to the west. The Region is known for its favorable cost climate and for a workforce that is highly motivated, but that ranks well below the State average for its educational level and job skills. Over the 1990s, the region's population, workforce, and employment totals grew respectably, though a bit slower than the Commonwealth as a whole.

Southeastern Massachusetts is more complex than it appears to be on a map. What makes the region so complex is the uneven progress its three distinct sub-regions have made in addressing the decline of their traditional industries and the transition to the new knowledge-based economy. As indicated on the map, the three sub-regions are:

- 1) The Tri-Cities of Attleboro, Brockton, and Taunton at the intersection of Route 24 and I-495. This sub-region extends beyond the northern border of the Southeast Region as defined for this analysis.
- 2) The South Shore, running down Route 3 from Boston; this sub-region also extends beyond the northern border of the Southeast Region as defined for this analysis.
- 3) The South Coast, connected by I-195 along Buzzard's Bay and into Rhode Island.¹

figure 7-1

Southeast Region Unemployment Rate



Source: Bureau of Labor Statistics, LAUS (Household) — Southeast Region — Massachusetts

Diverging transportation networks and the differential influence of the Boston and Providence metropolitan economies increasingly divide these sub-regions. These lead to sharp differences in commuting patterns, labor market attachments, economic-base composition, and sub-regional demographic profiles.² After a review of the Region, we will examine each of these sub-regions in greater detail.

Economic Overview

Employment¹

During the expansion running from 1993 to 2000, total employment in the Southeast Region increased 16.9 percent, compared to a statewide gain of 20.1 percent (see figure 7-2). Confirming the relative sluggishness in its labor market, unemployment was consistently about 30 percent higher than the average for the State. Joblessness peaked in the previous decade at 12.2 percent in 1991 and achieved its most recent low of 3.5 percent in 2000 (see figure 7-1).

Average real wages⁴ in the Southeast Region increased by 5.5 percent during the expansion through 1999, rising from \$28,652 in 1993 to \$30,237 in 1999. This compares to a 14.4 percent statewide increase, from \$35,082 to \$40,127. At the end of the decade, wages throughout the Commonwealth were about one-third higher than they were in the region (see figure 7-3).

A major explanatory factor was the Region's relatively low educational attainment. In 2000, 27 percent of Bristol County residents aged 25 and older did not have a high school diploma in 1990; over 12 percent of Plymouth County residents have not earned this qualification. This compares to 15 percent statewide. Similarly, only 20 percent of Bristol County residents and 28 percent of Plymouth County residents have a bachelor's degree or higher, compared to 33 percent statewide.

The Region's largest sectors remain services and retail trade, with services increasing its share during the expansion from 1993 to 2000 (see figure 7-4). Services, however, also saw a decline in average real wages (see figure 7-6 on next page). The significance of manufacturing as a major employer continued its decline, especially in the older industrial cities of Brockton, Fall River, and New Bedford. Yet manufacturing remains important to the Region, as it accounts for 17.2 percent of total employment compared to 13.3 percent statewide.

figure 7-2

Southeast Region Labor Force and Employment

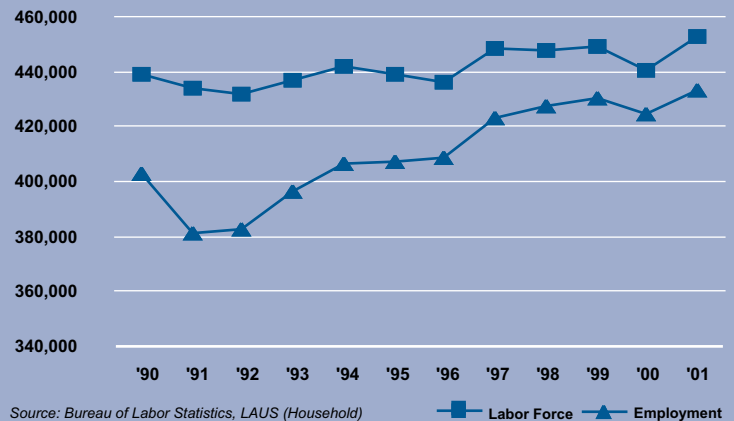


figure 7-3

Southeast Region Average Real Wages



figure 7-4

Southeast Region Employment by Major Industry

	1993	2000	Percent of 2000 Total
Agriculture, Forestry, Fishing, and Mining	3,411	4,044	1.2
Construction	11,945	15,911	4.5
Manufacturing	63,394	60,416	17.2
Transportation and Public Utilities	17,174	19,656	5.6
Wholesale Trade	19,282	22,408	6.4
Retail Trade	73,419	85,736	24.5
Finance, Insurance, and Real Estate	9,545	9,847	2.8
Services	90,784	118,864	33.9
Government	10,800	13,367	3.8
Total	299,754	350,249	100.0

Source: Division of Employment and Training, ES-202

¹ Southeastern Regional Planning and Economic Development District, *Regional Growth Trends* (Taunton, Mass., October 1999).

² Clyde W. Barrow, "Southeast Massachusetts: Staying Ahead of the Curve - A Second Chance," *Massachusetts Benchmarks* (Fall 1997) p.15; Clyde W. Barrow, "Southeastern Massachusetts: A Region of Growth Without Development," *Massachusetts Benchmarks* (Summer 1998), pp. 9-10, 15-17.

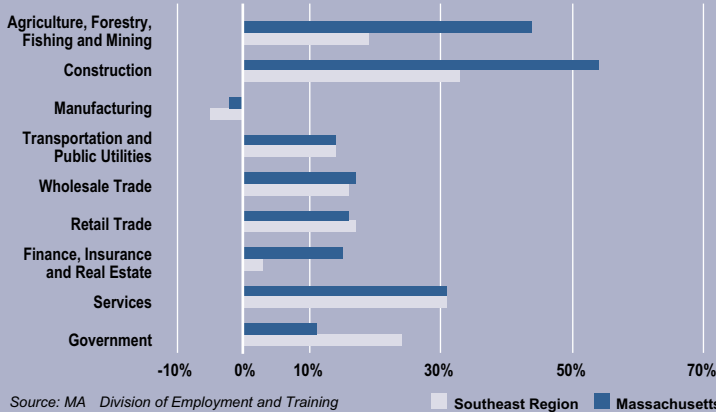
³ The data in this section on the number of people employed, in the labor force, and unemployed are taken from the household survey. They therefore will not match the employer-based data used in other sections that report the number of payroll jobs.

⁴ The U.S. consumer price index (CPI) was used to adjust nominal wages for the effects of inflation.

⁵ Employment is measured here using the Bureau of Labor Statistics, ES-202 series, which are employer reports of payroll jobs rather than household-based measures of employed or unemployed people. As a result, the numbers will differ from employment figures based on the household survey presented in other sections of the document.

figure 7-5

Change in Employment, by Major Industry, Southeast Region: 1993 to 2000



The Southeast Region Export Sector

As explained in Chapter 2, a healthy export sector is critical to a region's economic success. The sidebar in that Chapter on "The Massachusetts Export Sector" presented six large industry clusters as the key components of the Commonwealth's export sector. These clusters were identified in earlier State policy documents and studies, specifically *Choosing to Compete*⁶ and the more recent *Knowledge Sector Powerhouse*.⁷ They include four knowledge-based clusters: Information Technology, Health Care, Financial Services, and Knowledge Creation. They also include two clusters that are less knowledge intensive: Travel and Tourism, and "Traditional Manufacturing" (manufacturing industries, such as paper, plastics and rubber, metalworking, and machinery, which are not part of the Information Technology or Health Care clusters). The discussion below uses this framework to explore the Southeast Region's export sector.

figure 7-6

Change in Real Average Pay, by Major Industry Southeast Region: 1993 to 2000



Figure 7-7 shows export cluster growth in the Region, as compared to Massachusetts. When interpreting the results of our analysis, please note that the employment figures reported for these large industry clusters are not meant to represent export sector jobs. The Health Care cluster, for example, includes physicians serving the local population. A finer picture of the composition of the Region's export sector, and the extent to which the Region has become part of the wider knowledge-based economy, is developed in the discussions that follow.

In the clusters making up the Commonwealth's Export Sector, employment in Southeastern Massachusetts is concentrated in Health Care, Information Technology, and Knowledge Creation.

In Health Care, three out of four jobs are in hospitals, doctor's offices, and other medical facilities. Given the changing demographics in Southeastern Massachusetts, the growth in health services employment may be due to increasing demand for these services by an aging population.

figure 7-7

Employment Change in the Commonwealth's Export Clusters: Southeast Region, 1993 to 2000



IT employment growth was concentrated in communication services, which added 1,556 jobs between 1993 and 2000. This industry also experienced a substantial gain in pay, with average real wages rising 75 percent.

Knowledge Creation growth was driven by a 52 percent increase in employment in Professional Services (including accounting but not legal) and a 49 percent gain in Higher Education.

Trends in the hotel industry show the growing impact of the Travel and Tourism cluster in the Region. In the year ending June 2000, hotels and motels in Plymouth and Bristol counties grossed an estimated \$67.5 million in room sales, up 30 percent over the year ending June 1997.⁸ These expenditures provide a conservative estimate of traveler spending. This is because total spending typically includes meals, retail purchases, and attractions, in addition to spending on accommodations.

Room sales growth, which lagged behind the statewide growth rate of 37 percent, supported limited growth in the industry. Between 1997 and 2000, the number of hotels in Bristol and Plymouth counties fell from 69 to 66 percent. Employment expanded eight percent, to 1,612 workers. Pay in the industry is low and frequently offers mostly part-time jobs. Yet average real wages increased 16 percent in this period, to \$14,700.

Critical Industries of the Southeast Region

In addition to analyzing the export base of Southeast Massachusetts, it is also useful to examine the critical industries of the region. The Region's Top Five Industries are health services, professional services, business services, high technology, and distribution. These industries provide 39.5 percent (138,348) of total employment (350,249), and they include many sectors that were among the Region's fastest growing employers from 1993 to 2000 (see figure 7-8).

The Sub-Regions of Southeastern Massachusetts

The South Shore Area

The South Shore area consists of 12 towns in Plymouth County, five of which are located in the "Southeast Region" proper. It is the smallest sub-region, yet the fastest growing, with 197,074 residents in the 2000 Census, 11.0 percent more than in 1990. There are no cities in the South Shore. But the area's two largest towns, Plymouth (51,701) and Marshfield (24,324), account for 38.6 percent of the area's population.

The South Shore area is now largely a suburban adjunct to the Boston metropolitan economy. It is included in the Boston metro-

politan statistical area (MSA). The area's rapid population growth is the result of commuters moving southward along Route 3 in search of lower housing costs, better schools, and a suburban or rural quality of life. The South Shore's unemployment rate, educational attainment levels, and personal incomes move in tandem with statewide averages because of its close proximity to the Boston MSA.

The South Shore economy is largely dependent on population growth and the local demand for retail trade and services created by Boston commuters. The South Shore's most significant business clusters are allied health services and high-end business services that market to Boston-area businesses, and an increasingly vibrant off-Cape tourism market (see figure 7-9 on next page).

The allied health services cluster, which provides care primarily for the local population, accounted for 9.2 percent of total employment in 2000. Population growth and the availability of Medicare and Medicaid reimbursements for services to the elderly supported growth in this cluster during much of the 1990s.⁹ However, government cutbacks in reimbursements and fee caps, cost controls implemented by HMO's and nursing homes, and a slow down in population growth constrained earnings and employment.¹⁰ The sector shed over 100 jobs between 1997 and 2000 and its share of total employment fell from 10.0 to 9.2 percent.

figure 7-8

Significant Business Clusters: Southeast Region

	1993 Average Earnings (Real) \$	2000 Average Earnings (Real) \$	1993 Percent of Area's Employment	2000 Percent of Area's Employment
Massachusetts	39,710	46,805		
Southern Region	30,802	32,348		
Allied Health Services	37,187	36,698	11.5	11.4
Professional Services	37,021	36,875	9.3	9.9
Business Services	21,518	26,205	2.9	4.0
High Technology	46,025	56,829	6.3	6.7
Distribution	45,133	46,795	7.7	7.5
			37.7	39.5

Source: MA Division of Employment & Training, ES-202

⁶ Massachusetts Executive Office of Economic Affairs and the University of Massachusetts, (Boston:, 1993).

⁷ Robert Forrant, Philip Moss, and Chris Tilly, (Boston: UMass Donahue Institute, 2001). ⁸ Estimate based on FY 2000 State room occupancy tax collections, which are levied at 5.7% of the room rate.

⁹ Regional Employment Boards of Bristol, Brockton, Greater New Bedford, and South Coastal, *Anatomy of Employment Needs in the Allied Health Industry in Southeastern Massachusetts*, 1995.

¹⁰ Polly Saltonstall, "Hospitals Protest Medicare Cuts," *New Bedford Standard-Times*, July 21, 1999, p. A3.

figure 7-9

Significant Business Clusters in Southeastern Massachusetts

	1997 Average Earnings \$	1997 Average Earnings (\$2000)	2000 Average Earnings (\$2000)	1997 Percent of Area's Employment	2000 Percent of Area's Employment
South Shore Area Total	27,525	29,531	33,121		
Services					
Allied Health Services	28,780	30,878	32,907	10.0	9.2
Business Services	35,986	38,609	43,517	8.1	8.5
Tourism	13,281	14,249	14,346	4.8	5.4
Tri-Cities Area Total	29,306	31,442	33,498		
Services					
Allied Health Services	32,313	34,669	35,228	8.7	8.6
Business Services	28,040	30,084	32,638	4.8	5.9
Manufacturing					
High Technology	44,763	48,026	51,550	3.4	3.6
Metals Manufacturing	36,112	38,744	40,491	2.4	1.8
Distribution	35,661	38,261	46,672	9.5	8.5
South Coast Area Total	25,886	27,773	29,162		
Services					
Allied Health Services	29,222	31,352	32,172	13.3	13.5
Business Services	24,281	26,051	25,556	3.9	4.1
Manufacturing					
High Technology	24,319	26,092	26,845	9.1	7.2
Metals Manufacturing	42,848	45,971	42,725	2.4	3.0
Distribution	29,331	31,469	33,613	4.9	6.0

Source: MA Division of Employment & Training, ES-202

The business services cluster consists of three major groups: business support (which includes advertising, data processing, photocopying, and computer programming, among other services), engineering and management services, and legal services. The cluster accounts for 8.5 percent of employment, up from 8.1 percent in 1997, and wages are well above the area's average. The employment mix in this cluster is beginning to resemble that of the Knowledge Creation export cluster as it adds more high-wage engineering, legal, accounting, and management services jobs.

Travel and Tourism is a growing cluster in the South Shore. Earnings in the cluster are well below average for the area. The South Shore's attractions are still largely secondary destinations primarily supporting day trips. Several initiatives, however, are being taken to improve and expand the area's appeal for tourists. (see figure 7-9)

The Tri-Cities Area

The Tri-Cities Area consists of 22 cities and towns in Bristol and Plymouth Counties, 21 in the "Southeast Region" proper, and is the largest sub-region in Southeastern Massachusetts. It had a population of 473,159, according to the 2000 Census, 9.9 percent more than in 1990. The area's three cities, Brockton (94,304), Taunton (55,976), and Attleboro (42,068), account for 40.7 percent of the area's population.

The Tri-Cities Area is making a successful transition out of traditional manufacturing and into a postindustrial economy anchored by services and high-tech manufacturing. Its economy has benefited from the southward movement of the Boston metropolitan economy and the northeastward movement of the Providence metropolitan economy. The Tri-Cities Area also has

extensive inter-modal transportation linkages and has become a distribution center for the State and Region. It is situated strategically at the intersection of I-495 and Route 24, it has several commuter rail stations and a freight rail interchange, and its three cities are within 30 minutes of major freight airports in Boston and Providence.

As the Tri-Cities Area makes this transition, its unemployment rate has moved steadily downward while its educational attainment and income levels have moved closer to State averages. The cities of Attleboro and Taunton have made noticeable progress in improving educational attainment and income levels and in reducing unemployment.

The Area's economy is still in transition. While manufacturing employment is declining as the area shifts to a service-based economy, manufacturing remains important to towns and cities such as Attleboro and Taunton. Historically, the area's manufacturing base has been concentrated in primary and fabricated metals. However, the metals cluster now accounts for only 1.8 percent of the area's total employment. It has been overtaken recently by a "high technology" cluster, which includes industrial machinery, computer equipment, electronic components, and measuring devices, and accounted for 3.6 percent of employment in 2000 (see figure 7-9). Both manufacturing sectors provide excellent earnings compared to area and statewide averages. While "high tech" has grown slowly in recent years, this cluster contains elements of both the information technology and other manufacturing export clusters which have experienced greater growth in other regions of the State.

However, the service sector is now the fastest growing segment of the Tri-Cities economy. Service-sector growth is led by allied health services and business services, as in the rest of the Southeast Region (see figure 7-9). The expansion in allied health services occurred mainly due to local demand generated by population growth and accounted for 8.6 percent of employment in 2000. The business services cluster has grown from 4.8 to 5.9 percent of area employment between 1997 and 2000. While most jobs in this cluster are concentrated in "low-wage" business support services, such as data processing, photocopying, custodial services, and temporary agencies, there has been a recent surge of employment growth in professional services such as engineering, research, accounting, and management services.

The Tri-Cities Area has also experienced rapid growth of its wholesale and freight distribution sector. The distribution cluster consists of motor freight transportation and warehousing and wholesale trade. The cluster accounted for 9.5 percent of employment in 1997 before declining to 8.5 percent in 2000 (see figure 7-9). Average annual earnings are well above the area and State

average. The Tri-Cities Area is well placed to become a key distribution hub for much of the State and New England. The area's distribution sector has capitalized on the strategic highway, rail, and airport links to several cities, including Boston, Providence, Worcester, Springfield, and New York City. Expansion of the area's numerous industrial/business parks along I-495 has also fueled the distribution sector's recent expansion.

The South Coast Area

The South Coast Area consists of 14 cities and towns in the southernmost part of Bristol and Plymouth Counties. It has a population of 345,610, according to the 2000 U.S. Census, a gain of 1.0 percent since 1990. The area's "twin cities," New Bedford (93,768) and Fall River (91,938), account for 53.7 percent of the area's population. The South Coast is the most economically and culturally-integrated area of Southeastern Massachusetts. Its integration is enhanced by the area's geographic location in the far southern part of the Region, which often isolates the South Coast from the rest of the State. The area's communities are linked together by Interstate I-195, which runs east west through nearly every city and town in the South Coast area.

The South Coast area is quite isolated from the rest of the State. Its highway and rail networks do not provide easy access to the Boston MSA. Nor do they generally facilitate the movement of people or goods to other parts of Southeastern Massachusetts. The South Coast's major highway – I-195 – links the area more closely to the Providence, Rhode Island regional economy. Despite business and housing costs that are well below those found in Boston, the South Coast has capitalized on the State's general prosperity far less than other areas.

Most of the cities and towns in the South Coast area continue to have exceptionally low levels of educational attainment, high dropout rates, above average welfare dependency, and low incomes. Income growth in the South Coast continues to lag statewide trends by considerable margins. Unemployment rates in the New Bedford SDA are still normally at least 50 percent higher than the statewide average. This is the one area of the Region that failed to achieve "full employment" by the end of the last

business cycle in 2000.

The South Coast remains more dependent on manufacturing than most other areas of Southeastern Massachusetts. This is the case even though manufacturing employment declined precipitously, falling from 21.1 to 14.4 percent of total employment between 1997 and 2000 (see figure 7-9 on previous page). About one third of this loss occurred in the low-wage apparel industry. Textiles and apparel are nevertheless still the leading employers in the area's manufacturing sector. However, a small but growing high technology export sector has recently emerged alongside the area's traditional manufacturing industries. These firms are concentrated in electronics, medical devices, and marine instrumentation. They pay relatively high wages and accounted for 3.0 percent of area employment in 2000 (see figure 7-9).

However, only the service sector showed significant employment growth over the last few years. As elsewhere in the Region, its expansion has been led by allied health services and business services. The expansion of allied health services in the South Coast has been especially dependent on the availability of Medicare and Medicaid reimbursements for services to elderly and low-income residents¹¹ which accounted for 13.5 percent of area employment in 2000 (see figure 7-9).

Business services accounted for 4.1 percent of area total employment in 2000. Most jobs in the cluster, however, are concentrated in "low-wage" business support services, where earnings are low and have been stagnant or declining during much of the State's current economic recovery.

The South Coast area has also experienced significant employment growth in its wholesale and freight distribution sector. The South Coast benefits partly from location, but mainly from lower costs and labor availability, which make it an increasingly attractive site for warehousing and distribution. The cluster has grown from 4.9 percent of area jobs in 1997 to 6.0 percent in 2000 (see figure 7-9).

¹¹ Howard Altschiller, "Second Medicare HMO Dropped in SouthCoast," *New Bedford Standard-Times*, October 1, 1999, p. A1.

¹² Data on race must be used with caution. Please see the Introduction to Part II.

Demographics

Population

The Southeast Region had a population of 894,199 in 2000, a 6.6 percent gain over 1990 compared to a 5.5 percent increase for the State. (see figure 7-10)

Resident Age Distribution

The age distribution of the Region's residents is also quite similar to that of the State, with 62.8 percent between 19 to 64 years of age (see figure 7-10). Its population is aging, with the median age rising from 33.5 to 36.6. Assuming an actual average retirement age of 65, approximately 30 percent of the its workforce will retire over the next 20 years, 12 percent over the next 10 years, and 5 percent over the next five years.

The residents of Southeastern Massachusetts are 88.7 percent white, a decline from 93.8 percent in 1990. Blacks are the largest ethnic minority, at 3.7 percent of the population, followed by Hispanics (3.4 percent) and Asians (1.2 percent)¹² (see figure 7-10). Hispanics are the fastest-growing ethnic group in every area of the Southeast Region. While Hispanic immigrants are now arriving from many parts of Latin America, growth is driven largely by immigration from Puerto Rico and the Dominican Republic.

Housing

Home ownership fell slightly during the 1990s, with owner-occupied units decreasing from 63.3 to 61.8 percent. The Region's home ownership rate remained higher than for the State as a whole, however, and the gap actually widened over the decade (see figure 7-11 and 7-12 on next page). A contributing factor was an average price of housing across the Region of \$150,545 in 2000, only 73 percent of the statewide average of \$205,312. (see figure 7-13). Within the Region, prices vary with higher prices in those

communities closer to Boston and along the coast. Much lower housing prices can be found in larger cities like Brockton, Fall River, and New Bedford. (see figure 7-11, 7-12 and 7-13)

Regional Strengths and Competitive Advantages

The Southeast Region enjoys important economic advantages that make it an attractive location for businesses in the current economy. It is well-positioned to accommodate future growth, as compared to the neighboring congestion of the Boston and Providence regional economies. The Region's particular advantages include its:

Workforce. A significant regional asset is the availability of a loyal workforce with a strong work ethic. It is universally acknowledged that its workforce is highly-motivated, an important characteristic for many industries.

Transportation infrastructure. The Southeast Region is near the major cities of Boston and Providence. Its highway network provides easy access to New York City, to two major airports – in Boston and Warwick, RI, and to the Ports of Boston and Providence. The Region's highway transportation network is adequate to support continued economic development within each of its major sub-regions.

Low business costs. The cost of doing business in the Southeast Region is lower than in most other areas of the Northeast. These costs also compare favorably to highly-developed parts of Northern Europe and Japan. The Region maintains lower costs primarily because wages and real estate costs are lower than in other parts of the State. Commercial electric utility costs and water and sewer rates are also below average thought much of the Region.

Educational resources. The Region benefits from the presence of several institutions of higher education. The institutions enroll more than 32,000 students each year and confer about 220 master's degrees, 3,000 baccalaureate degrees, 2,200 associate degrees, and 35 Juris Doctorate degrees. Approximately 80 percent of the graduates remain in Massachusetts. The Region's higher education institutions contribute in important ways to regional competitiveness by producing skilled professional and technical employees, transferring technology to local companies, and sponsoring cultural events that enhance its quality of life.

The Region has been a major financial beneficiary of the Massachusetts Education Reform Act of 1993. State aid per pupil (K-12) has since increased by \$3,150 in Brockton, \$2,564 in Fall River, and \$2,753 in New Bedford. In FY 1999, expenditures per pupil were \$6,836 in Brockton, \$7,282 in Fall River, and \$6,767 in New Bedford, compared to \$6,978 for the State. To the extent that

figure 7-10

Southeast Region Demographic Summary

	Southeast Region			MA		
	1990	2000	change	1990	2000	change
Total population	838,579	894,199	6.6%	6,016,425	6,349,097	5.5%
Age (share of total)						
Under 18	25.1%	25.2%	0.1%	22.5%	23.6%	1.1%
19-24	10.7%	8.3%	-2.4%	11.8%	9.1%	-2.7%
25 to 44	32.3%	30.6%	-1.7%	33.6%	31.3%	-2.2%
45 to 64	18.4%	22.5%	4.2%	18.5%	22.4%	3.8%
65 and over	13.5%	13.3%	-0.2%	13.6%	13.5%	-0.1%
Race/Ethnicity (share of total)						
White	93.8%	88.7%	-5.1%	89.8%	84.5%	-5.3%
Black	3.0%	3.7%	0.8%	5.0%	5.4%	0.4%
Asian	0.9%	1.2%	0.3%	2.4%	3.8%	1.4%
Other race	2.3%	3.7%	1.4%	2.8%	4.0%	1.2%
Two or more races*	na	2.7%	na	na	2.3%	na
Hispanic (of any race)	2.7%	3.4%	0.7%	4.8%	6.8%	2.0%

* the category of persons with two or more races did not exist in the 1990 Census

Source: U.S. Bureau of the Census, Decennial Population Census

funding deficiencies have impeded student performance in its urban school districts, one can reasonably expect significant performance gains in coming years.

Land availability. In 1995, the Region had 21 major industrial parks with a mixture of about 6,000 acres of “developed and developable” land. This land remains available as new parks open and existing ones bring new land and buildings into readiness. The State’s brownfields legislation is having a noticeable impact in places like Fall River, where older mills and other industrial sites are being redeveloped for new uses.

Quality of life. Despite rapid population growth, the Region has managed to protect large swaths of its natural environment. It also maintains a low cost of living, a low crime rate, ethnic traditions, and a location that affords its residents easy access to several major cities and other attractions. The majority of its suburban schools perform above the State average on the Massachusetts Comprehensive Assessment System test and above the national average on the Scholastic Aptitude Test (SAT). The Education Reform Act of 1993, which requires specific funding levels for all school districts, is also helping many previously under-funded school districts raise the level of educational achievement.

Challenges to Future Growth

The Region faces significant challenges to future growth, particularly in its efforts to expand employment and incomes and achieve educational parity with the State as a whole.

Education and the skills gap. It is generally accepted that two-thirds of new jobs in the United States require some level of post-secondary education. Approximately one-third require at least a baccalaureate degree while another third require a two-year associate’s degree or certification by a technical-vocational institute. The most important aspect of skill-based technological change has been the rapid integration of computing technology into virtually every workplace.

The Southeast region's workforce is praised for its motivation and loyalty; however, much of the workforce still consists of unskilled workers with low levels of formal education. The Region’s major challenge is to help its workforce obtain new skills and achieve higher levels of education.

The Region’s employers have become increasingly concerned about labor shortages, particularly in professional and technical occupations. This shortage is largely due to a mismatch between workforce skills/educational attainment and the demands of new-economy jobs. State-sponsored educational reform and workforce

figure 7-11
Southeast Region Housing Supply

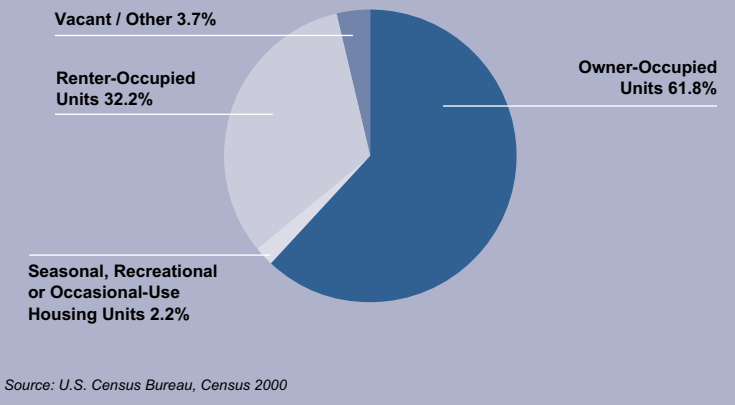
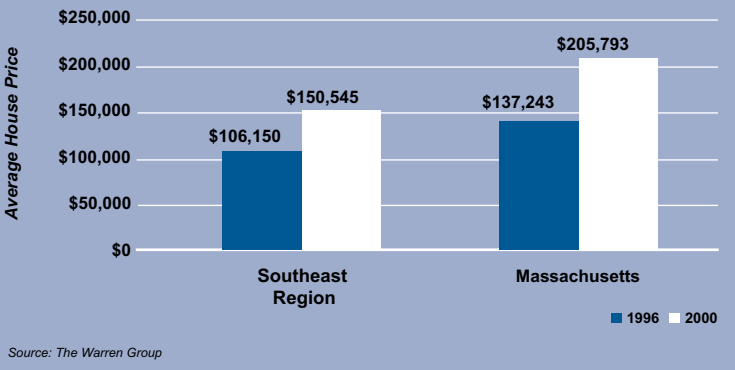


figure 7-12
Southeast Region Home Ownership

	1990	2000	Change
Southeast Region	63.3%	61.8%	-1.4%
Massachusetts	59.5%	57.5%	-2.0%
% Over/Under State	3.8%	4.3%	0.5%

Source: U.S. Census Bureau, Census 2000

figure 7-13
Southeast Region Average Housing Prices



development initiatives are crucial to the region's continuing effort to develop a workforce capable of meeting future employment needs.

At the same time, many college and university graduates leave because there are not enough jobs available that match their skills and aspirations. A significant challenge is to find avenues for educated residents to apply their knowledge and skills in the local area, to meet the needs of area employers for educated workers, and to seed further business growth.

Transportation infrastructure. Each sub-region in Southeast Massachusetts has emerged around a major highway artery. The Region's transportation network, however, has not facilitated integrated economic development. The road system ties the South Shore to Boston and connects the Tri-Cities Area to Providence and Boston, but from different directions. The South Coast transportation infrastructure, in particular, has major deficits that must be addressed in the coming decade. The expansion of New Bedford's regional Airport, the extension of commuter rail service from Boston to New Bedford and Fall River, and improvements to the New Bedford and Fall River seaports will better link these cities with the Boston area and provide access to national and global markets.

Municipal infrastructure. Water and sewer lines in many of the Region's cities are nearly 100 years old and need to be replaced or repaired. Recent improvements in Fall River and New Bedford are increasing water and sewer rates significantly, lessening a competitive advantage in local utility rates. Solid waste disposal is becoming a major problem for many municipalities and is likely to remain so for the foreseeable future.

Areas of economic distress. The Southeast Region's economy is improving on the whole, but the South Coast Area continues to lag the State and experienced declines in real income in most of its

critical industries. Property values are also lower than in other parts of the Region, especially in the New Bedford-Fall River area, and local governments operate with severe budget constraints that render them highly dependent on State aid.

Regional Policy Priorities

Economic expansion in the Southeast Region has been driven primarily by local population growth. A workforce with below-average educational attainment has been its principal constraint to growth. The Region's land use patterns, unemployment rates, and incomes point to continuing structural problems in the regional economy. These underlying structural problems must be addressed before efforts to attract or retain businesses can be successful.

Education. If the Region is to adapt to a changed economy it must improve its educational systems. Central to this mission are standards-based strategies, efforts to increase high school retention, initiatives for improving the literacy and basic skills of incumbent and potential workers, and additional funding for workforce training linked to economic development and business needs.

Infrastructure improvement. As indicated above, the Region is in serious need of municipal and transportation improvements. Projects should proceed that build on its current strengths and promote development in the agriculture, fishing, aquaculture, distribution, travel and tourism, and textiles. Once such infrastructure investments are in place, the Region needs to aggressively market these new opportunities.

Balanced and sustainable growth. In October 2000, the Vision 2020 Task Force asked the Region's communities to join a "New Mayflower Compact" that commits them to a set of forward-looking land use and economic development strategies. Forty communities signed the New Mayflower Compact, which includes several detailed recommendations for achieving balanced and sustainable growth.¹³ Executing that program is a high priority for the Region.

Improved business climate. While the business climate in the Southeast Region has improved over the past decade, there is still a need to promote innovation and entrepreneurship.

Linking the Region's Policy Priorities to Potential Solutions

Part III provides a variety of policy options that can help address the Region's economic development priorities. Figure 7-11 shows where to find relevant options.

¹³ For details on the Mayflower Compact's recommendations, see <http://www.semassachusetts.org/compact.htm>.

figure 7-14

Policy Options for Regional Priorities: Southeast Region

Policy Priority	Policy Options, Under Desired Outcomes in Part III
Education	See "Our firms have the talent they need to succeed," pg. 123.
Infrastructure improvement	See "Access to affordable, competitive broadband options throughout the Commonwealth," pg. 126.
Balanced & sustainable growth	See "Massachusetts is a leader in implementing development strategies that preserve a high quality of life," pg. 128. See "Massachusetts implements housing affordability solutions to support growing businesses and their employees," pg. 129.
Improved business climate	See "Strong export industry clusters throughout Massachusetts," pg. 118. See "Firms in our export industry clusters continually innovate to meet high-value customer needs," pg. 118. See "A statewide climate where entrepreneurs flourish," pg. 120. See "Reduced disparities in entrepreneurial opportunities," pg. 120. See "A strengthened technological innovation infrastructure," pg. 121.